

ASSEMBLY BILL

No. 1751

**Introduced by Committee on Governmental Organization
(Jerome Horton (Chair), Plescia (Vice Chair), Aghazarian,
Bermudez, Calderon, Chavez, Coto, Levine, Liu, Torrico, and
Yee)**

March 9, 2005

An act to amend Section 19606.1 of the Business and Professions Code, relating to horse racing revenues.

LEGISLATIVE COUNSEL'S DIGEST

AB 1751, as introduced, Committee on Governmental Organization. Horse racing.

Existing law, except as otherwise provided, directs all revenues distributed to the state as license fees from satellite wagering shall be deposited into a separate account in the Fairs and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for allocation by the secretary of the department for specified purposes related to capital improvements and operational costs of fairs and satellite wagering facilities, as specified.

Existing law also provides the Joint Committee on Fairs Allocation and Classification shall review and agree or disagree with the secretary's determination regarding allocation of funds, as specified, and may add or delete projects or items from the proposed allocations.

This bill would require the secretary to provide the chairs and vice chairs of the respective Committees on Governmental Organization and Agriculture, of the Senate and Assembly, a final copy of the secretary's allocations determinations.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 19606.1 of the Business and Professions Code is amended to read:

19606.1. (a) Except as otherwise provided in Section 19606.3, all revenues distributed to the state as license fees from satellite wagering facilities shall be deposited in a separate account in the fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from that account to the Department of Food and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs Allocation and Classification.

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair's racetrack inclosure, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other provision of law, the department may also commit any funds available for allocation under Article 10

1 (commencing with Section 19620) to complete projects funded
2 under this paragraph in the priority described in this paragraph.

3 (2) For payment to the State Race Track Leasing Commission
4 to be pledged for the repayment of debt necessary to construct a
5 racetrack grandstand at the 22nd District Agricultural
6 Association fairgrounds. This payment shall be made only if the
7 Secretary of Food and Agriculture determines, annually, that all
8 other pledged revenues have been applied to the repayment of
9 that debt and have been determined by the secretary to be
10 inadequate for that purpose.

11 (3) For the payment of expenses incurred in establishing and
12 operating satellite wagering facilities at fairs.

13 (4) For the support of an equipment and operating fund to
14 produce and display a consolidated California signal at satellite
15 wagering facilities and fairs.

16 (5) For health and safety repair projects at fairs, which
17 includes fire and life safety improvement projects, California
18 Code of Regulations compliance projects, and long-term deferred
19 maintenance projects.

20 (6) For the development and payment of revenue generating
21 projects, the establishment of pilot projects to restructure the
22 current fair system, and for projects realizing a cost savings for
23 more efficient utilization of existing fair resources.

24 (b) The Secretary of Food and Agriculture may not make an
25 allocation for purposes of paragraphs (2) to (6), inclusive, of
26 subdivision (a) until the payments required in any fiscal year
27 pursuant to paragraph (1) of subdivision (a) have been funded.

28 (c) Pursuant to subdivision (a), the Joint Committee on Fairs
29 Allocation and Classification shall review and concur, or not
30 concur, with the secretary's determination of the allocations to be
31 made pursuant to paragraphs (3) to (6), inclusive, of subdivision
32 (a) in total, and the committee may not add to, or delete projects
33 or line items from, the proposed allocations.

34 (d) Approval of the Joint Committee on Fairs Allocation and
35 Classification is deemed complete when one of the following
36 conditions is met:

37 (1) The annual budget act is enacted.

38 (2) If the secretary's recommendations are received by the
39 Joint Committee on Fairs Allocation and Classification after the
40 enactment of the annual budget act, the recommendations shall

1 be deemed approved 30 days after they are received unless they
2 are rejected by the committee.

3 (e) If the Joint Committee on Fairs Allocation and
4 Classification does not concur with the secretary's
5 recommendations, the secretary may submit another set of
6 recommendations to the committee pursuant to this section.

7 (f) The payments required in any fiscal year for the purposes
8 of paragraphs (1) to (3), inclusive, of subdivision (a) shall be
9 made before any transfer is made pursuant to subdivision (g).

10 (g) Except as otherwise provided in subdivision (f), when the
11 revenues deposited in the separate account exceed eleven million
12 dollars (\$11,000,000) in any fiscal year, 98 percent of the amount
13 in excess of eleven million dollars (\$11,000,000) shall be
14 transferred to the Fair and Exposition Fund for allocation in
15 accordance with Sections 19620.1 and 19630.

16 (h) All of the costs of administering the accounts created by
17 subdivision (a) and Section 19606.3 shall be charged to the
18 respective accounts.

19 *(i) A final copy of the secretary's determination of the*
20 *allocations shall be provided annually to the chairs and vice*
21 *chairs of the respective Committees on Governmental*
22 *Organization of the Senate and Assembly or their successors and*
23 *to the respective Agricultural Committees in both the Senate and*
24 *the Assembly.*